

RAYMOND C. CABALLERO
MAYOR



CITY COUNCIL

JAN SUMRALL
DISTRICT NO. 1

ROSE RODRIGUEZ
DISTRICT NO. 2

LARRY M. MEDINA
DISTRICT NO. 3

JOHN COOK
DISTRICT NO. 4

DANIEL S. POWER
DISTRICT NO. 5

PAUL J. ESCOBAR
DISTRICT NO. 6

LUIS G. SARIÑANA
DISTRICT NO. 7

ANTHONY COBOS
DISTRICT NO. 8

**LEGISLATIVE REVIEW COMMITTEE
OF THE WHOLE
COUNCIL CHAMBERS
NOVEMBER 20, 2002
6:00 P.M.**

The City Council met in special session at the above place and date at 6:06 p.m. The following Council Members answered roll call: Rose Rodriguez, Larry M. Medina, John F. Cook, Daniel S. Power, Paul J. Escobar, Luis G. Sariñana and Anthony Cobos. Absent: Jan Sumrall

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AGENDA

Informational Public Meeting on Tax Increment Financing (TIF):

- General overview of TIF & designation of TIF No. Three as presented by City staff
- Presentation by the Greater El Paso Chamber of Commerce on findings of Reports commissioned on TIF
- Presentation on TIF by the Invest in El Paso Coalition
- Public Comment

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Ms. Ceci Flores, City Clerk staff, opened the meeting at 6:06 p.m. and read the Agenda into the record.

Representative Medina introduced Ms. Sally Andrade, moderator, for the meeting.

Ms. Andrade welcomed the public to the meeting in both English and Spanish and explained her role as moderator for the meeting.

Ms. Patricia Adatao, Director of Planning, Research and Development Department, presented the City's presentation regarding TIF District Number Three and former downtown TIF District Number One (copy on file in the City Clerk's Office).

Representative Cobos commented on other taxing entities' lack of involvement within TIF District Number Three.

Mr. Norman Gordon, attorney, explained the Downtown Management District would be participating in the TIF District Number Three.

Representative Cobos questioned whether TIF District Number Three would produce the expected fund increment.

Mr. Gordon explained that TIF District Number One had generated positive tax increment revenue; however, it subsided in later years.

Ms. Adata commented on the current status of the economy and the status of the economy during the time of TIF District Number One.

Representative Cobos debated with Ms. Adata regarding property taxes, the participation of taxing entities, and the boundary of TIF District Number Three.

Ms. Adata responded to Representative Cobos' comments.

Representative Cobos questioned the Governing Board of TIF District Number Three as it existed today.

Ms. Sylvia Borunda-Firth, Assistant City Attorney, responded that the current Ordinance was being amended to change the boundaries of TIF District Three to delete the other taxing entities; however, the Ordinance, as adopted by the City Council, provided for a Board of 14 members. Ms. Borunda-Firth elaborated as to the makeup of the Board.

Representative Medina questioned whether or not TIF District Number One was responsible for the failure of businesses.

Ms. Adata responded that she was not a business owner and to her knowledge there were no failed businesses.

Representative Medina was startled as to the fact that TIF District Number One had been responsible for so many downtown improvements and questioned whether or not any unexpended amounts were still available.

Mr. Gordon noted that there were unexpended amounts in TIF District Number One and would provide that information to Representative Medina.

Ms. Adata noted that TIF District Number One was responsible for the completion of many wonderful major projects and added that these projects would not have been developed if not for TIF District Number One.

Representative Power questioned whether or not taxing entities might legally decline to participate in TIF's.

Mr. Gordon responded that in addition to the proposed Ordinance, contractual agreements would allow other taxing entities the option not to participate in the TIF. He noted that the Ordinance introduction was held in March or April of 2002.

Representative Power made the remark that TIF's were a disincentive for private investment due to their broad focus and extra eminent domain powers. He questioned whether or not studies had been prepared to determine what effects the TIF's might have on the properties located within TIF District Number Three.

Ms. Adata noted that studies had not been prepared specifically for TIF District Number Three; however, she noted that the American Planning Association and Greater El Paso Chamber of Commerce had prepared studies and it was her opinion of those studies that there were more incentives for private investment due to the ability to utilize the fund to help bring private investment and development into the TIF areas.

Representative Cook questioned what public investment was made in the area of TIF District Number One from 1980 to the present.

Mr. Richard Dayoub, incoming Chairman of the Greater El Paso Chamber of Commerce, explained how the Chamber of Commerce became involved in the process of conducting studies for the TIF Districts.

Ms. Laura Uribarri, Greater El Paso Chamber of Commerce, presented the Greater El Paso Chamber of Commerce's presentation. (Copy on file in the City Clerk's office). She provided the website address of the Greater El Paso Chamber of Commerce as www.elpaso.org for those wishing to view the presentation online.

Ms. Vivian Rojas, Invest in El Paso Coalition, presented the Coalition's presentation (copy on file in the City Clerk's office) and provided the El Paso Coalition's website address as www.investinelpaso.org and telephone number, 772-8890, for those individuals requesting further information.

Representative Cook clarified a number quoted by Ms. Rojas in her presentation as \$933,561,132.00 as the tax base in TIF District Number Three as it was established in the base year. Also, he clarified that the contracts would not require the other taxing entities to participate in the fund. He noted that the only taxing entity participating in TIF District Number Three was the Downtown Management District.

Representative Cobos clarified that the percentage of "raw" land in TIF District Number Three was 51%.

Ms. Lisa Turner, citizen, commented on the City of Chicago's success regarding its TIF's and explained that where TIF's had been successful, the cities had involved all entities. She suggested visiting those cities where TIF's had been successful and emulating those in El Paso.

Mr. Leopoldo Sierra, citizen, asked that the TIF's be repealed and suggested other possible sites to construct the four-year medical school and BHI.

Mr. Larry Gonzalez, citizen, stated that he had recently moved to El Paso; however, had lived in other cities where TIF's had been successful. He explained that the TIF would allow flexibility to fund development and noted that the City Council would maintain control over all the projects.

Mr. Stanley Jobe, local business owner, stated that Jobe Concrete encompassed private land within TIF District Number Three. He commented on the lack of notification to the public regarding the TIF's and discussed compromises regarding the Board Member makeup. He made comments regarding the issuance of bonds and the Agreement(s)/Ordinance(s) for the TIF's. He asked that the TIF's be repealed and suggested that the City begin the process again.

Mr. Sergio Guerrero, Jr., citizen and representing the Hispanic Leadership Institute, stated that he was supportive of the TIF's as they would serve as catalysts for redevelopment.

Mr. J. A. Cardwell, citizen, spoke in favor of the TIF's and noted that the TIF's would be beneficial to the City's future development.

Ms. Myrna Deckert, citizen, concurred with Mr. Cardwell's comments.

Mr. Erasmo Andrade, citizen, stated that to make the TIF's successful it would take everyone's positive effort. He remarked he was supportive of the TIF and questioned why El Paso could not emulate other cities' successes.

Ms. Vivian Rojas, citizen, stated her concerns regarding lack of notification for property owners located in TIF District Numbers Two and Three.

Mr. Jose Alejandro Lozano, citizen, questioned the dollar amount received by business owners within the TIF Districts, specifically would business owners receive the equivalent of the business' worth or what the property value was worth.

Representative Cobos responded, to the best of his knowledge, that the land and building would be compensated for at fair market value.

Mr. Gordon remarked that the question implied the use of eminent domain for the property and responded that the City would not be acquiring the person's business, but the property.

Mr. Lozano suggested allowing the voters to vote on the TIF's.

Mr. Tury Duran, citizen, remarked that he had not seen a concrete economic analysis, which was vital to the creation of economic development for El Paso and stated that he would like to see such information. He asked that he be made a part of the four-year medical institute and BHI Board.

Mr. Ken Schillinger, Invest in El Paso Coalition member, stated unequivocally that Invest In El Paso Coalition was not opposed to TIF's, if properly implemented. He remarked that the current TIF's had not been properly implemented and were lacking in a number of areas.

Ms. Susan Austin, citizen, asked a number of questions and stated that her questions may not be answered this evening, but asked Council Members to consider them when rendering their decisions. She stated that she would not be either in support of or an opponent of the TIF's until she had answers to her questions.

Ms. Tracy Yellen, citizen, commented on the YWCA's effort regarding Downtown redevelopment housing and stated that the YWCA had investigated how other cities had successfully implemented economic development opportunities. She asked City Council Members to continue their efforts in implementing TIF District Number Three.

Representative Cook questioned whether or not any public takings of property had occurred in TIF District Number One.

Mr. Gordon noted that eminent domain had not been utilized for TIF District Number One.

Representative Medina commented that TIF's have proven successful in other cities. He made remarks regarding the boundary of TIF District Number Three and commented on the proposed makeup of the BHI Board. He proposed the Board be composed of two appointments by Mayor Caballero, each Council Member provides an appointment, the County of El Paso appoints one member, the School Districts appoint one member and finally the Greater El Paso Chamber of Commerce appoints one member.

Ms. Sylvia Borunda-Firth, explained why a specific portion of land (the "Panhandle") was included in TIF District Number Three and noted that the area could serve as a powerful economic tool to entice corporate businesses to the El Paso area. She explained that "enterprise zones" have benefits attached, as well as TIF Districts, the combination of the two might bring those corporate businesses to the already successful Northwest Industrial Park.

Representative Power was concerned that Council Members had not fully explored other "tools" besides TIF's. He felt the reason the TIF's had become so contentious was due to the failure to communicate, and to the fact that the focus, the size and scope of the TIF's had not been clearly articulated. He stated that

the most prudent thing to do would be to walk away from this and investigate more focused TIF's, limited in size and scope and targeted specifically for certain areas of development. He suggested generating investment from the private sector by freezing taxes for an amount of time, sales tax rebates and/or tax incentives. He stated the City needed to compile an aggressive, imaginative incentive package for existing businesses and businesses yet to be established.

Representative Escobar stated that he was in favor of the TIF's, especially for Downtown due to the buildings being older and expensive to rehab. He noted that now was the opportune time to accomplish this as costs would inflate the longer the City delayed. He remarked that no businesses had failed because of the TIF and added that businesses may flourish if located within the zone.

Representative Cobos questioned how much of District 8 would be encompassed in TIF District Number Three.

Ms. Adauto responded approximately 60% of District 8 would be encompassed in TIF District Number Three.

Representative Cobos responded that 60% was not an acceptable number and it caused him great concern. He commented on the makeup of the Board and asked that compromises regarding the Board's makeup be explored. He thought that the Downtown area would benefit more with some kind of tax abatement or tax freeze so that property owners would invest in their properties and could be allowed time to recoup their investment in the properties. He asked that Council explore some type of motive to property owners to renovate properties downtown. He commented on the Greater El Paso Chamber of Commerce's incentive package for the Northwest Corridor and thanked them for said incentive package. He commented on the lack of other taxing entities' participation and questioned whether the City of El Paso could be successful with regard to TIF District Number Three. He was concerned that no such economic plan had been developed and noted that in the spirit of compromise he was in favor of reviewing the Board's makeup and the size of TIF District Number Three.

Ms. Turner commented on the Board makeup and stated that if a taxing entity was not participating in the TIF, they should not have any representation. She agreed that no one individual should appoint the majority of the Board and asked that the Downtown properties be properly valued by the Central Appraisal District, rather than the current low value numbers.

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Motion made by Representative Cook, seconded by Representative Power and unanimously carried to adjourn this meeting at 8:33 p.m.

APPROVED AS TO CONTENT:

APPROVED AS TO FORM:


Richarda Duffy Momsen, City Clerk


Rita Rodriguez, City Attorney